

2019 Dillon Stadium Partnership: Preliminary Terms

City of Hartford • Hartford Sports Group • Capital Region Development Authority

The terms and information below are presented for the consideration of the Hartford Court of Common Council. Under the proposal outlined, the City of Hartford (“City”) would enter into a License Agreement with the Capital Region Development Authority (“CRDA”) to oversee stadium operations. CRDA will, in turn, enter into a Stadium Use Agreement with Hartford Sports Group (“HSG”) to operate a USL team at the stadium pursuant to terms agreed to between the City and HSG as described below.

Basic Terms of Use	
Annual License Fee	HSG to pay \$300,000 per year to cover overhead/operational expenses and \$25,000 in additional annual Community Use Funds. See "Stadium Expense" below.
Initial Term of HSG Use	20 Years
HSG Renewal Options	Two 5 year extensions at HSG option
Termination	HSG option after 5 years or any year that Overhead Expenses exceed \$450,000
Initial Term of City/CRDA License	5 years
License Renewal Options	Three 5 year extensions at City and CRDA mutual agreement

Operational Structure and Roles	
<i>CRDA Role and Responsibilities</i>	<ul style="list-style-type: none"> CRDA will serve as the Licensee of the Stadium for the City pursuant to a License Agreement between the City and the CRDA that is reasonably acceptable to HSG. The License Agreement will be for an initial term of five years with three extension options (at the CRDA and City’s mutual agreement) of five years. The CRDA, as licensee, will enter into a “Stadium Use Agreement” with HSG that is reasonably acceptable to the City. The City will acknowledge and agree to be bound by the terms and conditions of the Stadium Use Agreement. Pursuant to the terms of the Stadium Use Agreement and License Agreement, CRDA will identify an entity for Stadium management (the “Stadium Manager”) on terms and conditions reasonably satisfactory to HSG and will approve all vendors and contractors hired and/or employed by the Stadium Manager that are also reasonably acceptable to HSG. CRDA, HSG and the City will monitor on a monthly basis the Stadium's projected annual overhead costs and expenses (hereinafter referred to as "Overhead Expenses"). Should such annual Overhead Expenses forecasts be greater than \$300,000 for any calendar year, the City, CRDA and HSG will require the Stadium Manager to take all mitigating actions required to control/reduce such excess Overhead Expenses. Within the first two years of operations, should after nine months of operations, the annual Overhead Expenses be projected to exceed \$300,000, HSG shall have a three-month period to trigger an option to

	<p>select a new Stadium Manager in cooperation with CRDA. HSG shall also have the option to select a new Stadium Manager at any time following the completion of the second year of operations. In the event HSG chooses to exercise either one of these options, CRDA will have approval rights on the Stadium Manager selection, not to be unreasonably withheld, and CRDA will continue to serve as Licensee with the City, however CRDA will enter into a new Stadium Management Agreement with the new selected Stadium Manager.</p> <ul style="list-style-type: none"> • The CRDA, as Licensee, will also manage and control certain Stadium reserve accounts described below. • Notwithstanding anything set forth above, (i) the obligations and liabilities of the CRDA under the License Agreement shall be non-recourse liabilities (absent gross negligence or willful misconduct by the CRDA as Licensee) and (ii) the CRDA will have no funding obligations of any kind under the License Agreement other than disbursing from the Stadium Reserve Accounts referred to below in accordance with the terms of the Stadium Use Agreement and as long as funds are available in such accounts.
<i>Stadium Manager</i>	The Stadium Manager will be responsible for managing all events including HSG Events, Promoted Events, Community Events, and Community Use (each as defined below).
<i>Non Game Day Operations</i>	The Stadium Manager (or a third party vendor/subcontractor engaged by the Stadium Manager) will manage operations of Dillon Stadium on Non-Gamedays.
<i>Concession Operations</i>	HSG retains all concession rights for Club/Promoted Events and Community Events. HSG has the right to select the concessionaire for all Club/Promoted Events and Community Events. Community Use and Community Event hosts, however, will have the right to serve and/or sell pre-packaged foods at the Stadium during their events from a designated location or table in compliance with local and state health regulations.

Event Scheduling and Stadium Access	
<i>Categories of Events</i>	There will be four types of events: HSG Events, Community Use, Community Events and Promoted Events.
<i>HSG Scheduled Dates</i>	HSG has priority scheduling for 40 dates (before any other dates can be scheduled) ("Priority Dates") in year one with an option of 20 additional Priority Dates in years two and beyond.
<i>Community Scheduled Dates</i>	<ul style="list-style-type: none"> • Following HSG's 40 Priority Dates, the City can schedule and/or reserve Community Dates (as defined below) (without interfering with HSG's Priority Dates and prep rules) subject to requirements set forth below. A minimum of 131 days between March 15 and November 30 will initially be made available for Community Use or Community Events (each as defined below) (after HSG's priority scheduling). The City may choose to reserve dates for future Community Use and Community Events. However, should there be days not reserved by a mutually agreed upon deadline, HSG may select and the City may approve (such approval not to be unreasonably withheld) additional dates for HSG use; provided, that, HSG would retain the right to select, and have priority for, without City approval, additional dates after the mutually agreed deadline referred to above with respect to any and all playoff games, U.S. Open Cup Games, other games required by the USL or U.S.

	<p>Soccer and games required to be rescheduled because of inclement weather or other reasons.</p> <ul style="list-style-type: none"> • Community Dates would be defined as "Community Use" or "Community Events" depending on the type of use/event. "Community Use" would be smaller events where little is needed beyond opening the Stadium. Scoreboard and lights may be used for an additional expense as is the case now. Examples might include a band practicing for a competition, youth soccer with minimal attendance, etc. "Community Events" would be larger-scale events and might require additional resources like an EMT, ticket-takers, police traffic detail, etc. Examples of "Community Events" include the Turkey Game, or a regional/state soccer championship game with many attendees. • Community Dates would be scheduled in coordination with the City on a first-come, first-serve basis. Community Events would be scheduled through the City's Special Events permitting process. • In all cases, the event organizers must meet all of the usual and customary City requirements for such use (including, without limitation, having sufficient insurance for such Community Date and paying for the costs of such Community Date in advance) in coordination with the City and the Stadium Manager and must provide evidence of having met these requirements in advance.
<i>Promoted Events</i>	Promoted Events will be scheduled and coordinated through HSG. (An example of Promoted Events would be a concert, professional rugby match, etc.)
<i>Community Rate Card</i>	City will determine its own rate cards or tiered fee structures for Community Use and Community Events that would be paid into accounts as determined below and in consultation with CRDA, HSG, and the Stadium Manager in order to cover event costs.
<i>HSG Community Use Fund</i>	HSG will deposit \$25,000 annually into an account (the "Community Use Fund") managed by the CRDA, as Licensee, (as payment for the Naming Rights described below) in coordination with the City to pay for Community Use. The CRDA will retain any funds that are not used for Community Use at the end of any calendar year in the Community Use Fund for future Community Use.
<i>Field Use and Conditions</i>	No Community Uses or Community Events may be scheduled w/in 24 hours prior to an HSG Event (HSG Club or Promoted Events); no scheduled events that will significantly impact field conditions may be scheduled 5 days prior to an HSG Event. Without limitation, these type of prohibited events will include things like motocross and monster truck rallies.
<i>License Exclusivity</i>	HSG retains exclusive rights to all soccer and lacrosse events, with exclusions for only high school and youth events and local adult soccer and lacrosse games (such as local men's league games) involving teams (i) in the case of soccer, that are not affiliated with any non-local, professional, semi-professional and/or development league (whether or not such league is sanctioned by the United States Soccer Federation), and (ii) in the case of Lacrosse, that are not affiliated with any non-local, professional, semi-professional and/or development league (whether or not such league is sanctioned by the US Lacrosse). Without limiting the foregoing, all collegiate athletic events (soccer, lacrosse, and other) will be licensed/promoted through HSG.
<i>Storage Areas</i>	HSG has access and priority use of necessary storage areas at all times.

Revenue

<i>Ticket Revenue</i>	Promoter retains 100% of ticket revenue for own event (e.g., HSG retains for HSG Events, City retains for City events, etc.).
<i>Naming Rights Revenue</i>	HSG has exclusive right and retains all naming rights revenues. In exchange for this right, HSG to pay City \$25k annually into Community Use Fund. If replaced, the Dillon name must be commemorated in a prominent location within the Stadium via a plaque or similar structure. Except for the payment described above, HSG will retain all revenue generated by all sponsor signage, messaging, naming, or other advertising messaging in and around the Stadium property; provided, that the City has reasonable approval rights on such signage, naming and other messaging. All signage must conform to City, state and federal laws, codes and regulations.
<i>Sponsorship Revenue</i>	HSG has exclusive right and retains all sponsorship revenues.
<i>Broadcast & Media Revenue</i>	HSG has exclusive right and retains all broadcast and media revenues for all HSG Events.
<i>Merchandise Revenue</i>	Promoters retain right to sell merchandise at own event and retain such revenues; HSG retains right to sell merchandise at all times (i.e. Team Store).
<i>Parking Revenue</i>	HSG retains all parking revenue generated in connection with HSG Events.
<i>Concession Revenue</i>	HSG retains all concessions revenue (subject to deal w/ concessionaire) for HSG Events and Community Events.
<i>Other Revenue</i>	The recipient of other revenue sources will be determined among HSG, the City and CRDA on a case by case basis by reference to, among other things, the sponsor or originator of the event creating such revenue.

Stadium Expenses	
<i>Annual Overhead Expenses</i>	<ul style="list-style-type: none"> • In addition to the \$25,000 deposit into the Community Use Fund, HSG would deposit \$300,000 into a Stadium operations account controlled by the CRDA as Licensee (the "Stadium Operations Account") on January 1 of each calendar year that the Stadium Use Agreement remains in effect. The CRDA would apply all amounts deposited in the Stadium Operations Account for any calendar year towards the payment of budgeted Overhead Expenses for such calendar year, all as set forth in the Stadium Use Agreement. • If Overhead Expenses for any calendar year are less than the amount deposited into the Stadium Operations Account for such year, the CRDA, as directed by HSG with approval from the City and the Stadium Manager, shall apply such excess amounts to the payment of Stadium improvements and maintenance costs. • In any calendar year, HSG would pay for any Overhead Expenses exceeding \$300,000; provided, that the triggers described in the "Operations" item at the top of this term sheet shall apply in such event; and, provided, further, HSG will have the right to terminate the Stadium Use Agreement in any year the Overhead Expenses exceed \$450,000. • After calendar year 5 of the Stadium Use Agreement, each of the \$25,000 Community Use Fund deposit and the \$300,000 payment contemplated above will be adjusted annually for inflation beginning in year 6 of operations. The Inflation Adjustment will be equal to the lesser of (i) six percent (6%) and (ii) the increase for the immediately preceding year in the United States Consumer Price Index, as published from time to time by the United States Department of Labor, Bureau of Labor Statistics.

<i>HSG Game Day Expenses</i>	HSG responsible for all game day expenses related to HSG Events, including security, utilities, and maintenance resulting from such use and cleanup costs for the facility and adjacent parking areas and streets.
<i>Police Costs</i>	HSG has the right to select private security for in-stadium purposes during its events. HSG will be responsible for paying for exterior Hartford Police Department costs not to exceed the cost of one supervisor and five officers per HSG soccer game. All other HSG Events will be evaluated on a case-by-case basis with the Hartford Police Department and HSG will be responsible for all police costs associated with their events.

City Expense Responsibilities	
<i>Insurance</i>	City is responsible for P&C insurance for the Stadium; HSG to carry GL insurance and add City as additional insured; HSG or selected Concessionaire to carry alcohol insurance and add City as additional insured. Stadium Manager must also carry insurance and add City as additional insured. HSG has right to inspect City's Stadium policy.
<i>Utilities, Trash, Snow Removal Other City-provided Services</i>	City responsible for these expenses, including utilities during Community Use and Community Events. HSG responsible for these costs during HSG Events and Promoted Events. "Dark Days"/Non-Gameday Utilities, Trash, Snow Removal, and Other City-provided services costs will be covered by the City. However, the first \$10,000 of costs for electrical utilities incurred in any year for "Dark Days"/Non-Gamedays will be covered under the \$300,000 operational costs payment.
<i>Environmental</i>	All 'environmental-related' expenses (e.g., remediation, curing a brownfield site, etc.) that arise during the construction/rehabilitation process will be covered by funds coming from the \$10M of bonded capital. Should the \$10M not cover the environmental expenses and still be sufficient in renovating the Stadium to meet HSG/USL requirements then the City, CRDA, and HSG will explore alternative funding options.

Parking	
<i>Chase Lot and Other City-Controlled Lots</i>	City to make reasonable effort to work with HSG to make any City-controlled lots/parking spaces within one mile of the Stadium available for HSG Events; HSG retains all revenue. HSG is responsible for cleaning any City-controlled parking immediately following (on the same day/evening as the event) HSG Events and Promoted Events.
<i>Parking Revenue</i>	As noted above, HSG retains all parking revenue for HSG Events.

Other Terms	
<i>Capital Improvement Reserve Fund</i>	Parties agree to take \$250,000 in year 1 direct from the bonded capital to be set aside in a CRDA-managed account to go toward capital improvements as determined by the CRDA.
<i>Facility</i>	City and CRDA will ensure the Stadium and field are built to USL and "FIFA 2 Star" standards at the time of construction. Following completion of construction, the City and the CRDA (or other City Licensee) will ensure that the Stadium and the Field are maintained in accordance with "FIFA 2 Star" standards in effect on the date of the completion of construction during the time a License Agreement between the City and Licensee is in effect. In addition, the construction budget for

	the Stadium will provide for, among other things, a replacement of the field (with such replacement of the same or better quality) in accordance with manufacturer recommendations and industry standards.
<i>Right of First Offer on Sale and Private Development</i>	HSG retains right at any time during the term of the Stadium Use Agreement to make first offer if City desires to transfer or sell Stadium to a non-government entity. HSG also retains first offer (during the initial 20 year term of this agreement) at private development rights should those be made available by the City.
<i>No Target Taxes</i>	City shall not impose any targeted taxes, assessments or fees on Parking Facilities or Stadium Premises during Club Events; provided, that, notwithstanding the foregoing, the City may impose a targeted ticket tax if, and only if, (i) the State of Connecticut does not impose a similar targeted tax that is applicable to events held at the Stadium Premises and (ii) such targeted ticket tax does not exceed ten percent (10%).
<i>Community Benefits</i>	As a matter of good faith and commitment to promote opportunities for the hiring of Hartford residents, any outside vendor that enters into a contract to provide management services at Dillon Stadium will be subject to the City's Living Wage Ordinance. Any such vendor will also be required to make reasonable efforts to ensure that fifty percent of those hired to work at Dillon Stadium are residents of the City of Hartford. Such reasonable efforts shall include, but not be limited to, outreach to employment offices, organizations working in the City to provide job training and support for Hartford residents, and/or the establishment of, or participation in, job fairs to enable Hartford residents to apply for job opportunities. Notwithstanding the foregoing, seasonal and temporary workers of any vendor subject to the City's Living Wage Ordinance would be exempt from the provisions of the Living Wage Ordinance under the provisions of the Fair Labor Standards Act.
<i>Alcohol Rights</i>	City Council and the City will take all steps required to provide HSG with full rights to serve alcohol (including both liquor and beer) on premises during HSG Events (Club Events and Promoted Events).
<i>Signage Rights</i>	City grants HSG the exclusive right to (i) name the Stadium (remove the Dillon name if necessary but provide commemoration as noted above under "Naming Rights Revenue.") and the Stadium Premises, any portions thereof and any operations therefrom and (ii) give designations and associations to any portion of the Stadium Premises or the operations therefrom provided that the City shall have the reasonable right to approve sponsors, naming, messaging or other advertising.
<i>Permanent Advertising</i>	City grants HSG the exclusive right to construct, install, sell, grant or license permanent signage (including billboards) in, on, about and above the Stadium and throughout the Stadium Premises and within the air rights above the Stadium Premises, provided all signage conforms to City, state and federal laws, codes and regulations.
<i>Damage to Stadium Premises</i>	HSG is responsible for any damage on the Stadium Premises emanating from their usage including Club Events, Promoted Events and any preparation or practice time. The City is responsible for any damage on Stadium Premises at all other times.